

Message Text

LIMITED OFFICIAL USE

PAGE 01 CAIRO 10607 061625Z

43

ACTION AID-31

INFO OCT-01 NEA-10 ISO-00 IGA-02 EB-07 SS-15 L-03 /069 W
----- 034252

P R 061510Z AUG 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC PRIORITY 5880

INFO AMEMBASSY TEHRAN

LIMITED OFFICIAL USE CAIRO 10607

FOR AID ADMINISTRATOR PARKER AND ASSISTANT SECRETARY
NEA ATHERTON FROM CHARGE

TEHRAN FOR AMBASSADOR EITLS

EO 11652: NA

TAGS: EPAP EAID EG US

SUBJECT: MEHALLA LOAN

REF: (A) CAIRO 9947, (B) CAIRO 10430, (C) STATE 193439

1. REFS A AND B, PERSONALLY DRAFTED BY AMBASSADOR,
EXPLAIN POLITICAL IMPORTANCE OF PROMPT ACTION
TO RESOLVE SECOND THOUGHTS WHICH HAVE ARISEN IN
SOME CONGRESSIONAL QUARTERS AND HAVE DELAYED
SIGNATURE OF AID'S \$96 MILLION LOAN TO MEHALLA
TEXTILE PLANT FOR PURCHASE OF US TEXTILE MACHINERY.
EVIDENTLY AMERICAN TEXTILE INDUSTRY ELEMENTS ARE
AFRAID THAT NEW US-SUPPLIED MACHINERY WILL RESULT IN
INCREASED EGYPTIAN TEXTILE EXPORTS TO US TO COMPETE
WITH AMERICAN PRODUCTS. HOWEVER, WE HAVE
BILATERAL TEXTILE AGREEMENT WITH EGYPT, WHICH HAS
NOT EVEN BEEN ABLE TO MEET THE QUOTA ALLOTTED TO IT.
REF B POINTED OUT THAT LESS THAN ONE PERCENT OF
MEHALLA'S EXPORTS HAVE GONE TO US.

2. URGENCY OF RESOLVING PROBLEM RESTS ON FACT THAT
NEGOTIATION OF LOAN WAS WIDELY KNOWN AND PRESS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 10607 061625Z

HAS BEEN SAYING REPEATEDLY AGREEMENT ABOUT TO BE

SIGNED. POLITICALLY VOLATILE WORKERS AT PLANT WERE AT FIRST PLEASED AND EXCITED BY NEWS OF LOAN BUT NOW BELIEVE POSTPONEMENT OF SIGNING IS DELIBERATE GOE ACTION AGAINST THEM. GOE OFFICIALS ALSO DO NOT COMPREHEND WHY SCHEDULED SIGNING HAS BEEN DELAYED. EACH DAY'S DELAY INCREASES EGYPTIAN DOUBTS ABOUT OUR GOOD FAITH IN THIS MATTER.

3. REF C PROVIDES WELCOME NEWS THAT AMERICAN TEXTILE MACHINERY ASSOCIATION HAS NOW WEIGHTED IN WITH PASSMAN COMMITTEE TO ASSERT ITS INTEREST IN EXPORTS OF THEIR MACHINERY TO EGYPT. UNFORTUNATELY CABLE CONTAINS NOTE THAT "HOPEFULLY PROBLEM COULD BE RESOLVED BEFORE CONGRESS RECESSES BY AUGUST 12," WHICH DOES NOT SUGGEST THAT SENSE OF URGENCY AMBASSADOR TRIED TO CONVEY IN REFS A AND B HAS BEEN UNDERSTOOD.

4. I AM CONFIDENT AMBASSADOR SHARES EMBASSY'S CONCERN OVER THIS MATTER AND WOULD BELIEVE SERIOUSNESS OF PROBLEM NOW WARRANTS YOUR OWN INTERCESSION TO BRING ABOUT ITS IMMEDIATE AND FAVORABLE RESOLUTION.
MATTHEWS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, EQUIPMENT, LOANS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 06 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CAIRO10607
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760303-1158
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760877/aaaacpoo.tel
Line Count: 85
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AID
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 CAIRO 9947, 76 CAIRO 10430, 76 STATE 193439
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 08 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 JUN 2004 by ellisoob>; APPROVED <08 OCT 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEHALLA LOAN
TAGS: EPAP, EAID, EG, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006